Message Text

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R 240703Z APR 76 FM SECSTATE WASHDC TO AMEMBASSY JIDDA

INFO US ARMY CORPS OF ENGINEERS RIYADH

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E.O. 11652: N/A

TAGS: MASS, EAID, SA

SUBJECT: REPLY TO PRINCE MITIB ON COE ASSISTANCE TO MINISTRY

REFERENCE: (A) JIDDA 1385, (B) STATE 22746

1. DEPARTMENTS OF STATE AND DEFENSE APPROVE PROPOSED MANAGEMENT TEAM ASSISTANCE TO MINISTRY OF PUBLIC WORKS AND HOUSING, CONTINGENT UPON AFFIRMATIVE REPLY FROM SAG TO AMBASSADOR'S NOTE OF FEBRUARY 1, 1976 PROPOSING MODIFICATION OF 1965 MILITARY CONSTRUCTION AGREEMENT TO ENCOMPASS CIVILIAN SECTOR ACTIVITY BY COE. AID 607 DELEGATION APPROVED MARCH 5. TEXT OF PROPOSED AMBASSADORIAL REPLY TO PRINCE MITIB, APPROVED BY DOD AND LIMITED OFFICIAL USE

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DEPARTMENT, FOLLOWS IN PARA 2. EMBASSY MAY WISH TO AGAIN

REMIND PRINCE MITIB THAT AMBASSADOR IS PREPARED TO RESPOND FAVORABLY TO HIS REQUEST OF NOVEMBER 17 ONCE SAG ACCEPTS MODIFICATIONS PROPOSED IN FEBRUARY 1 NOTE.

2. TEXT: YOUR ROYAL HIGHNESS: I HAVE THE PLEASURE TO ACKNOWLEDGE RECEIPT OF YOUR ROYAL HIGHNESS' LETTER OF NOVEMBER 17, 1975, ADDRESSED TO THEN AMBASSADOR JAMES E. AKINS, THE TEXT OF WHICH REQUESTED THE GOVERNMET OF THE UNITED STATES TO AUTHORIZE THE US ARMY CORPS OF F ENGINEERS TO PROVIDE AN ASSISTANCE TEAM FOR REORGANIZING THE MINISTRY OF PUBLIC WORKS AND HOUSING (HEREIN CALLED THE PROJECT).

(PARA) I HAVE THE HONOR TO CONFIRM ON BEHALF OF MY GOVERNMENT THAT IN ACCORDANCE WITH THE 1965 MILITARY CONSTRUCTION AGREEMENT AS MODIFIED BY THE EXCHANGE OF MY NOTE IN REPLY DATED (INSERT DATE) (HEREINAFTER REFERRED TO AS THE AGREEMENT) AND SUBJECT TO THE FOLLOWING PROVISIONS, STIPULATIONS AND OBLIGATIONS, THE U. S. ARMY CORPS OF ENGINEERS SHALL CARRY OUT THE RESPONSIBILITIES DESCRIBED BELOW.

(PARA) THE CORPS OF ENGINEERS WILL, IN ACCORDANCE WITH ESTABLISHED UNITED STATES DEPARTMENT OF DEFENSE PROCEDURES, PROVIDE SERVICES LISTED BELOW, EITHER BY IN-HOUSE EFFORT OR BY CONTRACTED PERSONNEL OR A COMBINATION THEREOF:

- 1. PROVIDE A TEAM OF EXPERTS IN CONSTRUCTION MANAGEMENT AND IN EACH OF THE ENGINEERING DISCIPLINES (ARCHITECTURAL, CIVIL/STRUCTURAL, MECHANICAL, ELECTRICAL) TO WORK WITH THE MINISTRY OF PUBLIC WORKS AND HOUSING. THIS TEAM WILL BE RESPONSIBLE FOR PREPARING A DETAILED ANALYSIS OF THE PRESENT ORGANIZATION AND MAKE RECOMMENDATIONS ON ORGANIZATIONAL CHANGES AS NECESSARY. THE TEAM WILL ALSO FORMULATE AND ASSIST IN ESTABLISHING STANDARD PROCEDURES FOR DESIGN, DESIGN REVIEW AND CONSTRUCTION SUPERVISION AND INSPECTION.
- 2. PROVIDE A TEAM OF EXPERTS TO VISIT AND INSPECT THE LIMITED OFFICIAL USE

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MINISTRY'S TESTING LABORATORIES. THE TEAM WILL EVALUATE THE EXISTING SITUATION AND RECOMMEND ORGANIZATION, EQUIPMENT, PROCEDURES AND TRAINING AS APPROPRIATE.

3. PROVIDE A LONG-TERM TRAINING PROGRAM FOR YOUR MINISTRY'S PERSONNEL AND ASSIST IN IMPLEMENTING THE PROGRAM.

4. ASSIST IN PROVIDING SHORT-TERM TRAINING PROGRAMS, SEMINARS IN SELECTED DESIGN, CONSTRUCTION AND MANAGEMENT TOPICS, AND ON-THE-JOB TRAINING.

(PARA) THE SAUDI ARABIAN GOVERNMENT WILL DEPOSIT THE DOLLAR EQUIVALENT OF FOUR MILLION SAUDI RIYALS (SR 4,000,000) FOR THE PROJECT IN ACCORDANCE WITH THE PROCEDURES SPECIFIED IN THE AGREEMENT FOR PAYMENT UNDER CONTRACTS AND REIMBURSEMENT OF COSTS TO THE CORPS OF ENGINEERS INCLUDING BUT NOT LIMITED TO MOBILIZATION, WAGES, FRINGE BENEFITS, GENERAL MAINTENANCE AND

OPERATING EXPENSES AND DEMOBILIZATION. ADDITIONAL FUNDS WILL BE INCREMENTALLY DEPOSITED IN THE SAME MANNER UPON A TIMELY REQUEST BY THE CORPS OF ENGINEERS FOR ADDITIONAL SUMS IF SUCH ARE FOUND NECESSARY PRIOR TO ASCERTAINMENT OF THE TOTAL ESTIMATED PROJECT COSTS. THE CORPS OF ENGINEERS SHALL NOT BE OBLIGATED TO ENTER INTO CONTRACTS OR UNDERTAKE WORK PRIOR TO RECEIPT OF THE NECESSARY FUNDS.

(PARA) IN THE EVENT THAT THE TASKS AND SERVICES CONTEMPLATED BY THIS AGREEMENT ARE TERMINATED PRIOR TO THEIR COMPLETION OR REDUCED IN SIZE AND SCOPE BY THE MINISTRY OF PUBLIC WORKS AND HOUSING, THEN THE SAUDI ARABIAN GOVERNMENT WILL UNCONDITIONALLY GUARANTEE FULL PAYMENT FOR DAMAGES, CLAIMS AND COSTS THAT MAY ACCRUE FROM CANCELLATION OF PROJECTS MENTIONED. THE CORPS OF ENGINEERS SHALL ESTABLISH AND MAINTAIN RECORDS OF RECEIPTS AND EXPENDITURES OF ALL FUNDS FURNISHED BY THE GOVERNMENT OF SAUDI ARABIA.

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(PARA) RECORDS SHALL BE MAINTAINED IN SUCH DETAIL AND IN A FORMAT THAT WILL PERMIT IDENTIFICATION OF THE SOURCES OF ALL FUNDS AND THE PURPOSE OF ALL EXPENDITURES. THE CORPS OF ENGINEERS SHALL REPORT TO THE GOVERNMENT OF SAUDI ARABIA AT SUCH INTERVALS AS MAY BE MUTUALLY AGREED UPON REGARDING THE STATUS OF FUNDS FURNISHED BY THE SAUDI GOVERNMENT.

(PARA) NEITHER PERSONNEL OF THE CORPS OF ENGINEERS NOR OF ANY CONTRACTOR SELECTED TO PROVIDE THE ASSISTANCE HEREIN DESCRIBED SHALL PARTICIPATE IN THE DECISION-MAKING PROCESSES OF THE MINISTRY OR ANY OF ITS AGENTS, SERVANTS AND EMPLOYEES, PERTAINING TO OR CONCERNING SPENDING, BUYING OR OTHER FINANCIAL MATTERS.

(PARA) THE CORPS OF ENGINEERS WILL PLEDGE ITSELF TO USE ITS BEST EFFORTS TO EFFECT A SUCCESSFUL ASSISTANCE PROGRAM USING ITS PROVEN SUPERVISION AND MANAGEMENT. THE MINISTRY OF PUBLIC WORKS AND HOUSING WILL GIVE CAREFUL AND DUE CONSIDERATION TO THE ADVICE, SUGGESTIONS AND RECOMMENDATIONS PROVIDED BY THE CORPS OF ENGINEERS AND ITS CONTRACTORS.

(PARA) THIS AGREEMENT SHALL TERMINATE UPON ACCOMPLISHMENT OF THE AIMS AND OBJECTIVES DESCRIBED IN THE THIRD PARAGRAPH OF THIS NOTE. THIS AGREEMENT MAY BE TERMINATED AT THE OPTION OF EITHER THE SAUDI ARABIAN GOVERNMENT OR THE UNITED STATES GOVERNMENT BY GIVING SIXTY (60) DAYS WRITTEN NOTICE TO THE OTHER OF SUCH TERMINATION, WITHOUT LIABILITY THEREFORE ON EITHER GOVERNMENT'S PART, EXCEPT AS OTHERWISE PROVIDED IN THIS NOTE.

(PARA) I HAVE THE HONOR TO INFORM YOUR ROYAL HIGHNESS, IF THE FOREGOING CONDITIONS ARE ACCEPTABLE TO THE GOVERNMENT OF THE KINGDOM OF SAUDI ARABIA, THE GOVERNMENT OF THE UNITED STATES OF AMERICA WILL CONSIDER THIS NOTE, TOGETHER WITH YOUR NOTE IN REPLY CONCURRING WITH THE ABOVE, AS CONSTITUTING AN AGREEMENT WITH RESPECT TO THIS MATTER, SUCH AGREEMENT TO ENTER INTO FORCE AS OF THE DATE OF YOUR NOTE IN REPLY.

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(PARA) I AVAIL MYSELF OF THIS OPPORTUNITY TO RENEW TO YOUR ROYAL HIGHNESS THE ASSURANCES OF MY HIGHEST CONSIDERATION. WILLIAM J. PORTER, AMERICAN AMBASSADOR. END TEXT.

- 3. AMBASSADOR MAY SEND ABOVE REPLY AFTER RECEIPT OF FAVORABLE SAG REPLY AGREEING TO PROPOSED MODIFICATIONS IN 1965 COE AGREEMENT.
- 4. WE ARE UNSURE OF CURRENT STATE OF SAUDI WISHES FOR COE ASSISTANCE IN OVERSEEING CONSTRUCTION OF TWO 2000-UNIT HOUSING COMPOUNDS. REQUEST YOUR CLARIFICATION OF SAUDI DESIRES. SISCO

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